

STATE OF WISCONSIN
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
DIVISION OF MANAGEMENT SERVICES
BUREAU OF FISCAL SERVICES

ACCOUNTING PROCEDURE

TOPIC: Institution Accounting 4.0	EFFECTIVE DATE: 10/22/90
TITLE: Canteen Fund Policy and Procedures	REVISION DATE: 10/31/92
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BACKGROUND

Institutions operated by the Division of Care and Treatment Facilities and Division of Youth Services maintain vending machines and canteens for the use of residents and employees.

Currently, individual institutions purchase and resell items in the canteen or receive vending machine commissions from vendors. These funds are deposited in a local financial institution. Purchases from canteen profits are paid out of the canteen fund bank account.

S. 46.03 (14) of the Wisconsin Statutes authorizes the establishment of canteens and vending stands in DHSS institutions.

"Establish and maintain a revolving fund not exceeding \$60,000 in any of the state institutions administered by the department, for the education, recreation and convenience of the patients, inmates and employees, to be used for the operation of vending stands, canteen operations, reading clubs, musical organizations, religious programs, athletics and similar projects. The funds are exempt from s. 20.906 but are subject to audit by the department and the legislative audit bureau in its discretion."

An income statement and balance sheet for canteen fund operations are presented in the State of Wisconsin Comprehensive Annual Report (CAFR) which is prepared in accordance with generally-accepted accounting principles.

INSTITUTION ACCOUNTING 4.1 (Canteen Financial Statements) establishes canteen fund annual reporting requirements. **INSTITUTION ACCOUNTING 4.2 (Reimbursement of Canteen Operations Expense)** details procedures for reimbursement of the operating fund for canteen salaries.

POLICY

1. Canteen funds are state-managed funds and are subject to department fiscal policies and procedures with the exceptions noted below. Canteen funds are subject to state and departmental oversight and audit. Canteen funds are not to be regarded as private contributions from patients, inmates or employees but as enterprise funds of the institution.

2. Canteen funds are exempt from deposit with the State Treasurer (s. 20.906) and may be deposited in a state depository bank directly by the institution. The institution is responsible for managing the bank account and maintaining fiscal records according to sound fiscal management practices. An independent person should reconcile the bank statements monthly. If this procedure is not possible due to small staff size, bank reconciliations statements should be reviewed by an independent person at least annually. The review should verify that the reconciliation was properly performed and that any discrepancies were resolved. The bank reconciliation should be initialled and dated by the preparer and reviewer.
3. Canteen fund expenditures (either for resale or for purchases out of canteen profits) should be properly authorized and documented according to standard fiscal procedures. Separation of duties and an audit trail should be maintained. In general, the canteen fund should follow procedures established by **INSTITUTION ACCOUNTING 1.0 (Procedures for Contingent Accounts)**.
4. State procurement laws and regulations apply to canteen expenditures for goods and services, whether purchased for resale or for use by the institution or residents. However, purchase orders are not required for purchases under \$100.
5. The canteen bank account should not be used as a revolving account for transactions relating to institution operations. Expenditures for operations should be made from normal operating accounts.
6. Canteen funds may not be used as a loan to institutional units in lieu of a petty cash fund. Petty cash funds for operating purposes must be requested from the Bureau of Fiscal Services and operated in accordance with **INSTITUTION ACCOUNTING 1.0 (Procedures for Contingent Accounts)**. Petty cash funds other than those for operating purposes, such as canteen or resident change accounts/petty cash accounts, do not require DOA approval, but must be operated in compliance with **INSTITUTION ACCOUNTING 1.0**.
7. Divisions may establish policies designating allowable and non-allowable purchases from canteen profits consistent with s. 46.03 (14). The following expenditures are not allowable:
 - a. Personal costs, such as donations to charitable institutions, gifts, contributions and memorials.
 - b. Social expenses (i.e., entertainment, parties, etc.) that principally benefit employees and do not directly benefit patients. (This does not preclude specific expense connected with a social event such as music, holiday decorations or recreation that are otherwise allowable.)

- c. Items purchased for the benefit of individual patients or individual employees.
 - d. Normal operating expense of the institutions whether or not specifically budgeted for the current period.
 - e. Employee recognition expense other than that allowed by **SPECIAL EXPENSE 4.0 (Service Awards)** for extended or extraordinary service.
- 8. Office equipment (computers, cash registers, etc.) purchased from canteen funds must be used regularly and exclusively for canteen operations, or allocated accordingly. Office equipment used minimally in canteen operations should be purchased from operating funds, not from canteen funds.
 - 9. Salaries for employees engaged in direct canteen operations may be reimbursed to the operating accounts from canteen funds, according to procedures detailed in **INSTITUTION ACCOUNTING 4.2**.
 - 10. Indirect operating expense for the canteen should not be charged to the canteen fund. Such expenses include business office staff time, office supplies and office equipment. Expenses for resident accounting should be charged to the operating budget of the institution.
 - 11. Non-canteen fund losses due to accounting errors, payments to settle claims against an institution and other similar expenditures should not be charged to the canteen fund. These are normal operating expenses.
 - 12. Institutions may establish support groups to conduct fund-raising events by employees and others. Typically, these events include hot dog sales, rummage sales, cookbook sales, fun runs, etc. These funds are private monies and should be maintained in a separate non-institutional bank account.

Money generated through fund-raisers (which are private activities) should not be commingled with canteen funds (which are state-managed). Normally, fund-raising activities will be managed by an independent committee or board with a checking account set up as "Friends of . . ." and in the custody of a responsible person or treasurer. The business office shall not conduct accounting for the fund-raising activities, except as individuals on non-state time.

Private fund-raising activities are not subject to state fiscal oversight, except to the extent that the institution may be involved. A clear distinction needs to be maintained between fund-raising and canteen activities.

- 13. Divisions shall establish written policies for canteen operations. Institutions shall have written procedures available for staff engaged in canteen fiscal operations.
- 14. Any exception to these policies must be requested in writing from the Director or Assistant Director, Bureau of Fiscal Services.

REFERENCES

Wisconsin Statutes, section 46.03(14)

INSTITUTION ACCOUNTING 1.0 (Procedures for Contingent Accounts)

INSTITUTION ACCOUNTING 4.1 (Canteen Financial Statements)

INSTITUTION ACCOUNTING 4.2 (Reimbursement of Canteen Operations Expense)

ATTACHMENTS

Examples of Allowable and Non-Allowable Expenses

CONTACT PERSON

Bureau of Fiscal Services

ATTACHMENT 1

ALLOWABLE EXPENDITURES FOR EMPLOYEES

Recreational events attended by staff and residents

Consultants or equipment for employee wellness programs

Personal development or cultural awareness speakers

Literature on general health and wellness issues

Posters for decoration in employee work areas or common use areas for residents and staff

Flowers in wards for groups of employees (such as nurses' day, etc.)

Newspapers, magazines for employee break room

Appliances and furnishing for employee break rooms

Exercise equipment for employees and/or residents

Air Conditioning for employee break rooms/canteen

Outdoor picnic or recreation areas (landscaping, tables, etc.)

Employee recognition expense per **SPECIAL EXPENSE 4.0**, including refreshments for associated program

NON-ALLOWABLE EXPENDITURES FOR EMPLOYEES

Gifts to individual employees (not even if randomly distributed)

Holiday parties for employees (per LAB) except for decorations or nominal item

Coffee and doughnuts for employees

Retirement parties or other employee social events

Professional library materials, such as journals and books

Office furniture and equipment for normal institutional needs

Speakers on professional development topics

Infection control information or other areas related to hospital operations

General management expenses (travel, conferences, recruitment, etc.)

ATTACHMENT 2

ALLOWABLE CANTEEN EXPENDITURES FOR RESIDENTS

Sports, recreational, and musical equipment

Normalization and beautification for home-like living environment

Holiday decorations and holiday recreational activities

Special food treats for residents

Decorations and furnishings for resident rooms (except operating budget items)

Appliances or equipment for patient or inmate kitchen areas

Cultural awareness speakers and events

Nominal holiday or special occasion gifts (\$10.00 or less)

Nominal prizes for residents at recreational events

Resident recreational reading materials

Computers or video equipment when used for resident entertainment or self-learning

Games and recreational items or materials

Achievement programs open to all residents and based upon established criteria

NON-ALLOWABLE EXPENDITURES FOR RESIDENTS

Therapy or treatment programs, including equipment normally used in those programs (video cameras, VCR's, etc.)

Behavior modification for patients and inmates, including incentives or rewards for good conduct

Free food or merchandise from the canteen to residents not based upon systematic criteria

Medical equipment, drugs or supplies

Educational expenses that are normal operating budget items